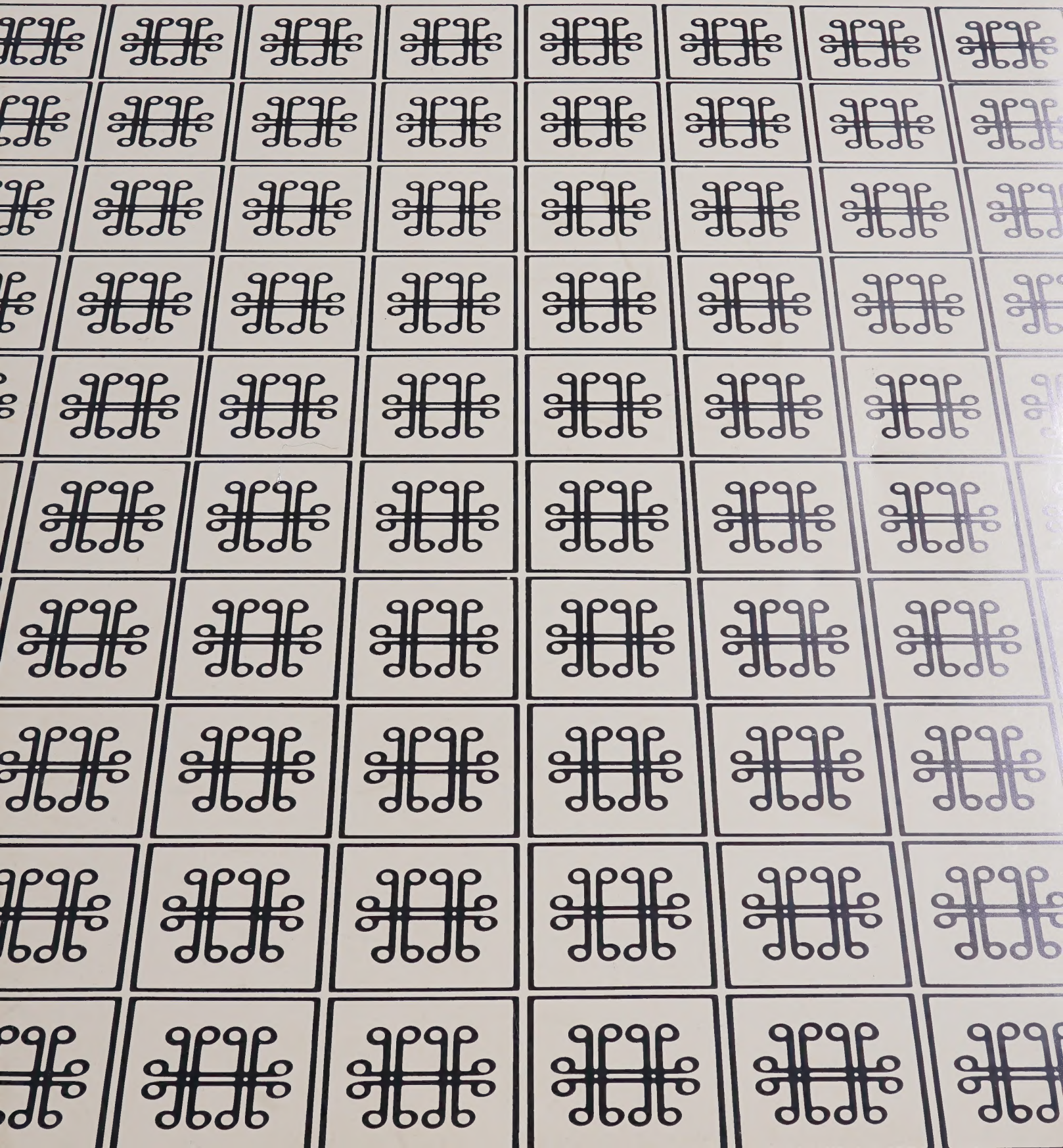


AR01



Highlights

	Year Ended October 31 1974	Year Ended October 31 1973	Change from 1973
Sales	\$57,338,733	\$47,683,300	+ 20%
Net Income	3,925,317	3,538,881	+ 11%
Per Share	.77	.70	+ 10%
As a percentage of sales	6.8%	7.4%	- 8%
As a percentage of capital employed ¹	15.7%	15.2%	+ 3%
As a percentage of shareholders' equity ²	22.9%	24.5%	- 7%
Dividends paid to shareholders	\$.26	\$.19	+ 37%
Capital Expenditures	3,447,361	4,533,761	- 24%
Working Capital	19,227,339	11,875,298	+ 62%
Ratio of current assets to current liabilities	2.7 to 1	1.9 to 1	
Shares outstanding			
Class A and Class B	3,468,550	3,452,650	—
Class C and Class D	1,609,272	1,609,272	—
Number of shareholders	3,170	3,206	- 1%
Salaries, wages and employee benefits	\$14,080,418	\$11,495,166	+ 22%
Number of employees (average)	1,643	1,495	+ 10%

¹ Capital employed represents total assets less current liabilities at beginning of year.

² Shareholders' equity at beginning of year.

The Annual Meeting of shareholders will be held on February 11, 1975, at the Royal York Hotel, Toronto, Ontario, beginning at 2:00 p.m.

Report to Shareholders

After three and a half years of unprecedented growth, the Canadian carpet industry experienced in mid-1974 a slowdown consistent with the change of pace in the general economy. During the past year, therefore, we have seen a dramatic change. From extraordinarily heavy demand for our products and inadequate raw material supplies, we faced virtually a completely reversed picture at year end.

Any assessment of the current outlook for Canadian business must anticipate the impact of conditions in the United States. While U.S. influence on Canada is no longer as strong as in the past, we may well expect that a major recession there will postpone a business recovery in Canada.



Supervisory trainees examine test patterns of carpeting during lecture program at Brantford. New designs and production techniques are tested on small scale models of manufacturing equipment.

In addition, the aftermath of the oil crisis, the international payments problem and the unrest in the Middle East are other important contributors to a very confused and most uncertain outlook. Furthermore, all are situations where government action both in Canada and abroad could effect drastic changes.

Of all the problems besetting the world today, inflation is undoubtedly the most urgent. As long as governments continue to spend more than they collect in taxes, we will have demands on

our economy that exceed our resources. It is absolutely essential that a solution be found to check the high inflation rate of the past two years without taking measures that would bring about a major recession.

The recent federal budget in Canada is directed toward protecting the income of those most seriously affected by inflation and stimulating business to encourage supply and employment. This policy, while it does not come to grips with the serious problem of inflation itself, should tend to keep consumer spending at a reasonable level.

The slower pace of the carpet industry since July 31, which marks the beginning of our Company's fourth quarter, was exaggerated by the high level of inventories. Traditionally, this quarter is the busiest in the year. This year, it was actually quieter than the second and third quarters. As inventories are brought more in line with anticipated requirements, there should be some recovery from the recent production cutbacks.

Capital spending of \$7,981,122 in the past two years, coupled with an additional \$3,000,000 in 1975, will provide Harding Carpets with the capacity for continued growth. In view of the current outlook, however, further major expansion of manufacturing facilities may be implemented later than originally planned.

It is extremely difficult at this time to project our performance in the year ahead. We are introducing many new products in the Harding line and extending the distribution of the Seneca brands into Ontario and the West. For these reasons we look for a modest growth in sales volume. The prospects of higher costs and the growing resistance to price increases will undoubtedly place profit margins under pressure.

The continued high acceptance of carpeting both for residential and other uses, coupled with the growth potential of the Canadian economy, gives us confidence in the future of the carpet industry in the longer term.

Income

Your Company's net income for the year of \$3,925,317 is up 11% over last year. Earnings per share of 77¢ compare with 70¢ in 1973.

Net income expressed as a percentage of shareholders' equity was 22.9% in 1974 compared to 24.5% in 1973. Recently, Kurt Salmon Associates, management consultants, published performance ratios for 79 publicly-owned firms in the textile industry in the United States and Canada for the year 1973. Harding Carpets placed in the top ten companies in six out of the ten ratios, being



"High Fashion" is the name of this deep, luxurious, saxy plush broadloom. It's soft and sensual to the touch and is available in 12 eye-pleasing decorator colours.

third in operating margin, fourth in gross margin and return on invested capital, sixth in net income on sales and seventh in return on equity and return on total assets.

The lower income tax applicable to manufacturing and processing industries assists the Company in being more competitive vis à vis foreign manufacturers both in Canada and in export markets. The temporary 10% tax surcharge introduced in the recent federal budget would affect only 10% of our taxable income.

An increase of \$840,000 in deferred income tax for the year was due largely to the accelerated capital cost allowance provided federally on the purchase of machinery and equipment. This, along with the lower income tax mentioned above, assisted the financing of the large capital expenditures undertaken by the Company. Depreciation has been charged in the accounts at the normal rates and is consistent with prior years.

Dividends

Dividends of 5¢ in the first quarter and 7¢ in succeeding quarters brought the total to 26¢ for the year compared to 19¢ in 1973.

The dividends on Class A and Class C (formerly common) shares are the normal taxable dividends in the hands of the shareholder. Tax deferred dividends on Class B and Class D shares are currently being paid out of tax-paid undistributed surplus and are not taxable in the hands of the shareholder at time of receipt. It should be noted, however, that a 15% tax has already been paid on these dividends by the Company and that the net dividends received by Class B and Class D shareholders are applied to reduce the cost of the shares for capital gains tax purposes.

A dividend of 7¢ or its equivalent per share has been declared payable January 3, 1975.

Sales

Sales of \$57,338,733 were up 20% over last year. Some of this increase is due to the escalation of prices and the balance to an increase in physical volume. Carpet yardage increased 12% for the year and accessories increased approximately 20% in constant dollars.

Export sales recorded another exceptional year of growth and the volume was in excess of 8% of our total yardage. The primary market for our sales growth has been Australia, where we have made application to the Foreign Takeovers Committee for approval to acquire a 20% interest in Columbia Carpet Industries Limited, of Melbourne. Through one subsidiary, Columbia manufactures carpet and another handles the distribution of carpeting produced locally as well as imports. Columbia Carpet Industries is a public corporation listed on the Melbourne Stock Exchange. We will continue to pursue our efforts in export markets generally, recognizing that results in the short term will be influenced by world conditions, particularly those prevailing in Australia.

The products of Seneca Carpet Mills were introduced to the Eastern Canadian market in mid-1973 and very satisfactory growth in sales was achieved during the past year. Starting early in 1975, distribution of the Seneca line will be expanded to the Ontario and Western Canada markets. National advertising will be launched in the coming year and we look to the Company's second branded line quickly becoming established in the entire Canadian market.

The planned increase in production of man-made fibres did not progress in 1974 as well as had been expected. During the first three-quarters of our fiscal year, we continued to experience shortages which were alleviated to some degree by yarn supplies from the United States. These shortages have disappeared since with reduced production in the textile industries and increased production by fibre producers.

The application of pattern and colour to tufted carpets by means of printing as opposed to the more costly weaving process has had a rapid influence on the Canadian market in the past two years. Commenting on the trend to printed carpet in a recent market study, DuPont of Canada stated: "The Canadian industry has been most progressive and this is definitely a fast growing market segment." Your Company has provided the leadership in this new development and by the end of the year our printing plant was running at full, three-shift capacity.



This Design Dyed product from Seneca Carpet Mills is easy to live with and to maintain. Made of 100% Nylon pile, it has a high density rubber backing.

Carpet Market

The statistics for the Canadian market on Page 5 reflect a change in the volume reported for 1972. As a result, the market shows an increase of 32% in 1972, while in 1973 the increase was 16%. In view of the lower level of activity in the second half of the calendar year, it is expected 1974 will close with an increase of around 8%.

In these inflationary times, it is appropriate to note that Statistics Canada in August 1974 reported a price index of 99.8 for tufted carpets, based on 1961 = 100. Tufted carpets represent over 80% of the market. Included in this trend was a price increase of 15% during the last 12 months of the reporting period. By comparison, the consumer price index on all items at August 1974 was 169.6 and for household furniture 177.1. Some price in-

creases can be expected in carpets in 1975 but these should be much less than in the past year, which means that carpet prices by any standards will maintain their exceptional performance since 1961.

Carpet imports in 1973 increased to a level of 13% of the Canadian market. For the first eight months of 1974, imports have increased by 30% and probably now represent 15% of the market. The major surge of imports in 1974 has been from the United States. The industry in the United States has experienced a decrease in demand since the beginning of 1974 and Canada appears to be convenient for unloading excessive inventories.

From a market of 12,000,000 square yards in 1963, the volume of Canadian carpet shipments plus imports of broadloom and rugs reached nearly 73,000,000 yards in 1973 to record a compound average annual growth of 20%. This exceptional growth is primarily due to consumer acceptance of the convenience, functional and aesthetic values of carpets. Another factor has been the increase in disposable income.

The response from the residential market has been paralleled by wider acceptance of carpeting in hotels, offices, schools and many other institutional buildings.

The industry growth has been made possible through the economies of tufting, which has almost totally replaced weaving in North America, together with the availability of more economical and more durable man-made fibres which have supplanted wool in the face of carpets.

Many of the factors which have contributed to the growth of the carpet industry in the past are expected to continue to do so. The projected high level of new household formations in the latter half of the 70's, together with a growing replacement market, will provide additional stimulus. The industry, however, will continue to be influenced by the business cycle.

Financial Resources

The Statement of Source and Use of Funds on Page 9 shows an increase in working capital of \$7,352,041 of which \$6,000,000 was contributed by the issue of Series D debentures at 10¼% maturing in 1994. The accelerated capital cost allowance on machinery and equipment under Federal Income Tax legislation resulted in \$840,000 in deferred income taxes being included in working capital.

Inventories of \$16,616,697 show an increase of \$3,441,211 in part due to the higher cost of materials and the higher level of operations. The lower than usual sales in the fourth quarter resulted in inventories of finished goods being higher than planned at year end.



"Brigadoon" can stand up to hours of ping-pong or dancing. Many customers are using it to turn basement areas into "living" rooms.

Capital Expenditures

Capital expenditures of \$3,447,361 were not as high as expected due to delivery delays by suppliers.

In the past year, additional capacity was provided for spinning and processing of yarn and the tufting of carpets. The installation of a more modern high speed dryer for piece dyed carpets and the expansion of existing finishing capacity has contributed to an overall increase in our production capability. The steam boilers at the Collingwood plant have been replaced with package units eliminating the requirement for stationary engineers.

Unfortunately, delays in the delivery of the T.A.K. printing unit mean that this equipment will not be operational until our first quarter of 1975. Additional warehousing has been provided through the addition of 34,000 square feet to the Toronto distribution centre.

In 1975, expenditures will provide further additions to spinning capacity and increased space for plant and offices in Collingwood.

In the face of increasing costs for energy, 1975 plans also call for expenditures on heat recovery and water recovery installations. Further expenditures will be made to reduce water pollution and air pollution and to improve working conditions in the plants.

As an outcome of extensive studies on the long term requirements of the Company for production capacity, an offer to purchase a

35-acre site has been made to the City of Brantford. For technical reasons, the transaction was not completed by year end but will be finalized early in the new year. Detailed plans are going forward but the timing of actual construction will depend upon business conditions.

Personnel

The average number of employees throughout the year was 1,643 with the employment at year end slightly down from this figure due to temporary layoffs. In the fourth quarter, the last remaining weaving department was phased out affecting 55 employees, all of whom have been relocated in other departments.

During the past year, five union contracts were negotiated. Only the contract with the employees of the Guelph spinning plant expires in 1975.

The Company contributed \$582,368 to pension plans on behalf of employees in 1974. This included half the cost of substantial improvements to past service for existing employees and improvements in pensions being paid to pensioners. The balance of the cost will be contributed in 1975. Through periodic adjustments such as this, the Company aims to keep the pension benefits up to date with the changing times by recognizing the increase in the level of income and the effects of inflation.

The Board of Directors is pleased to announce the appointment of Mr. Ralph M. Barford, Chairman of the Board of GSW Limited, to fill the vacancy on the board created by the death of Mr. Cleyne early in the year.

During the year, Mr. G. A. Murray, C.A., was appointed Vice-President, Administration having served the Company previously as Director of Administration, Treasurer and also as Controller.

Mr. W. C. McAllister was appointed Vice-President, Distribution having assumed the distribution responsibility earlier in the year. Prior to this assignment, Mr. McAllister was National Sales Manager, Domestic Division.

The growth of the Company has been the product of the energy and effort of the management and staff. The board wishes to recognize and record appreciation to all employees for their contribution to the success of the Company during the past year under frequently difficult conditions.

Annual Meeting

The Annual Meeting of Shareholders will be held on Tuesday, February 11, 1975 at the Royal York Hotel, Toronto. We look forward to meeting shareholders on that occasion.

Respectfully submitted,

C. E. Harding *A. Davidson*
Chairman of the Board President

December 13, 1974

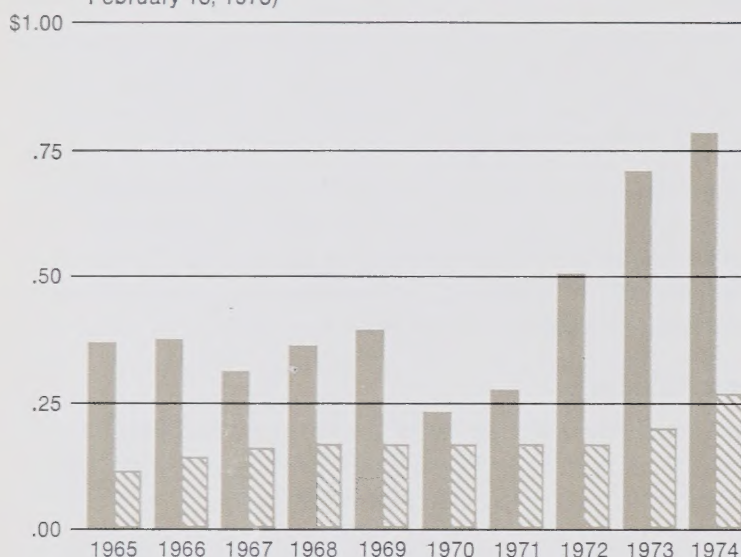
Canadian Market		Total Square Yards (000's)	Percentage of total supplied by Canadian Mills	Consumption per Household (square yards)			Canadian Per Capita Personal Disposable Income
				Canada	U.K.	U.S.A.	
* (estimated)	1964	15,806	87.2	3.14	5.04	4.73	\$1,713
	1965	18,872	87.0	3.74	5.17	5.41	1,846
	1966	23,525	88.4	4.54	5.23	5.94	1,994
	1967	25,355	88.7	4.76	5.60	6.37	2,116
	1968	31,193	87.4	5.67	6.00	7.61	2,262
	1969	37,906	88.1	6.65	5.90	8.59	2,424
	1970	38,766	90.0	6.59	6.11	9.10	2,535
	1971	47,719	90.1	7.90	6.43	9.64	2,754
	1972	62,958	85.7	9.28	7.20	11.96	3,036
	1973	72,987	86.8	11.27	7.70	12.60	3,425
% Increase							
1964-1973		361.8%	(0.5)%	258.9%	52.8%	166.4%	100.0%

*Exports & Automotive Carpet have been excluded. Adjustments from previous reports have been made in accordance with latest available information.

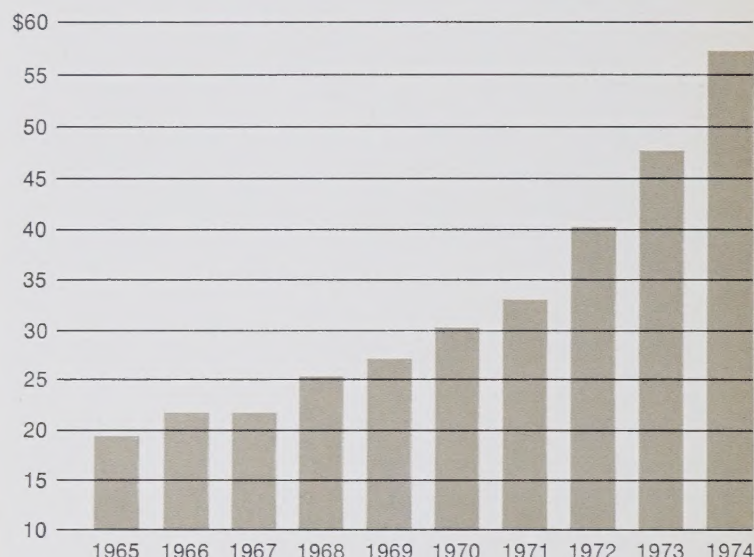
Indicators of Company Growth

Earnings and Dividends
(Per Class A and Class C
share adjusted to
reflect subdivision of shares
February 13, 1973)

Earnings
Dividends

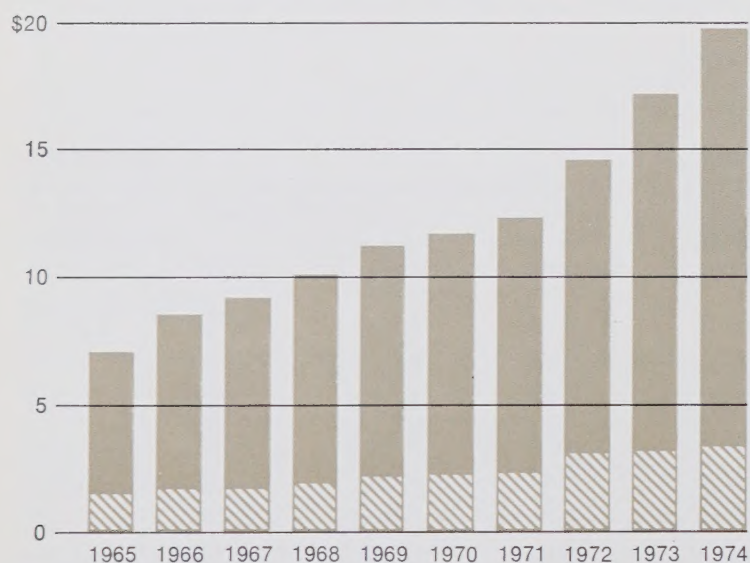


Net Sales
(Expressed in millions
of dollars)



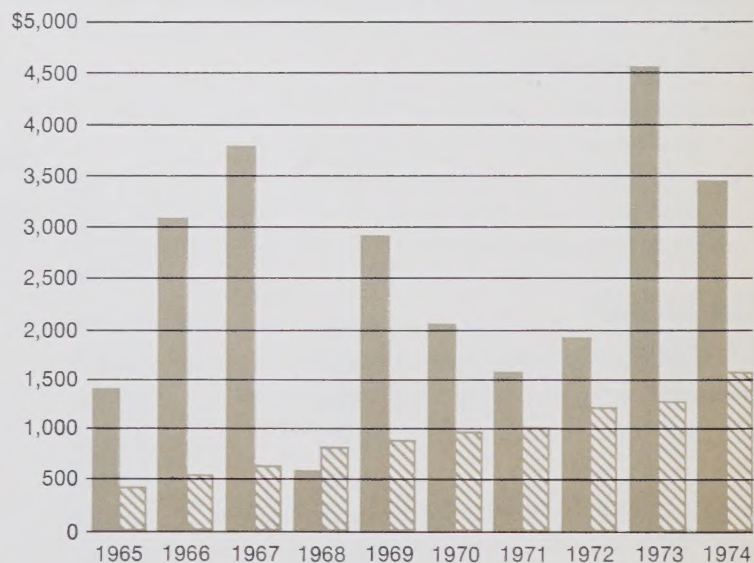
Shareholders' Equity
(Expressed in millions
of dollars)

Retained Earnings
Capital Stock



**Capital Expenditures
and Depreciation**
(000's omitted)

Capital Expenditures
Depreciation



These charts reflect the Company's progress over the 10-year period ending October 31, 1974.

Consolidated Statement of Income and Retained Earnings

	Year Ended October 31 1974	Year Ended October 31 1973
Sales	\$57,338,733	\$47,683,300
Cost of Sales	40,936,250	33,751,199
Gross Profit From Operations	16,402,483	13,932,101
Deduct (Add) the following items:		
Selling, administrative and distribution expense	8,148,173	6,799,906
Debenture interest	865,568	587,624
Other interest	556,425	288,063
Government Grant — Collingwood	—	(56,373)
	9,570,166	7,619,220
Income Before Taxes	6,832,317	6,312,881
Taxes on Income	2,907,000	2,774,000
Net Income for the Year	3,925,317	3,538,881
Add: Retained Earnings at beginning of year	14,116,841	11,538,010
	18,042,158	15,076,891
Less: Dividends paid and related taxes thereon	1,328,955	960,050
Retained Earnings at end of year	\$16,713,203	\$14,116,841
Earnings per share	\$.77	\$.70

Consolidated Balance Sheet

Assets	October 31 1974	October 31 1973
Current		
Accounts receivable, less allowance for doubtful accounts	\$13,782,120	\$12,179,129
Inventories (Notes 1 (b) & 2)	16,616,697	13,175,486
Prepaid expenses	336,339	317,675
Total Current Assets	30,735,156	25,672,290
Fixed (Notes 1 (c) & 3)		
Land, building and equipment at cost	28,940,900	26,747,168
Less: Accumulated depreciation	11,007,547	10,524,414
	17,933,353	16,222,754
	\$48,668,509	\$41,895,044
<hr/>		
Liabilities		
Current		
Bank advances	\$ 5,153,080	\$ 6,495,679
Accounts payable and accrued liabilities	5,775,907	6,318,461
Income taxes payable	148,830	552,852
Instalments on long term debt due within one year	430,000	430,000
Total Current Liabilities	11,507,817	13,796,992
Long Term Debt (Note 4)	13,215,000	7,645,000
Deferred Income Taxes (Note 1 (d))	4,180,000	3,340,000
Shareholders' Equity		
Capital Stock (Notes 5 and 6)	3,052,489	2,996,211
Retained Earnings	16,713,203	14,116,841
	19,765,692	17,113,052
	\$48,668,509	\$41,895,044

Approved on Behalf of the Board,

C. Harding
Director

A. Davidson
Director

Harding Carpets Limited
and subsidiaries

Consolidated Statement of Source and Use of Funds

	Year Ended October 31 1974	Year Ended October 31 1973
Source of Funds		
From Operations:		
Net income for the year	\$ 3,925,317	\$ 3,538,881
Charges or (credits) not involving current funds:		
Depreciation	1,565,771	1,311,202
Deferred income taxes	840,000	585,000
Government Grant — Collingwood	—	(56,373)
Total from Operations	6,331,088	5,378,710
Issue of capital stock (Note 6)	56,278	107,039
Issue of series "D" debentures (Note 4)	6,000,000	—
Fixed asset disposals	170,991	227,074
	<u>12,558,357</u>	<u>5,712,823</u>
Use of Funds		
Expenditures on fixed assets	3,447,361	4,533,761
Dividends paid and related taxes thereon	1,328,955	960,050
Reduction in long term debt	430,000	430,000
	<u>5,206,316</u>	<u>5,923,811</u>
Increase (Decrease) in Working Capital	7,352,041	(210,988)
Working Capital at beginning of year	11,875,298	12,086,286
Working Capital at end of year	<u>\$19,227,339</u>	<u>\$11,875,298</u>

Notes to Financial Statements

Year Ended October 31, 1974

Note 1 – Accounting Policies

(a) *Principles of Consolidation* – The consolidated financial statements include the accounts of Harding Carpets Limited and its subsidiaries, all of which are wholly owned.

(b) *Inventories* – Inventories of raw materials and goods in process are valued at the lower of cost and replacement cost and inventories of finished goods at the lower of cost and net realizable value all consistent with prior years.

(c) *Fixed Assets and Depreciation* – Fixed assets are stated at historical cost. Cost includes freight and installation charges where applicable. Depreciation charged on the books is based on straight line rates of 2½ % for buildings and 9% for machinery and equipment. Gains and losses on disposal of fixed assets are included in earnings and the costs and accumulated depreciation related to these assets are removed from the accounts.

(d) *Deferred Income Taxes* – Deferred taxes arise as a result of claiming for income tax purposes maximum capital cost allowances which have been in excess of depreciation recorded in the accounts.

(e) *Earnings Per Share* – Earnings per share are calculated based on the weighted monthly average of the number of shares outstanding during the year or the lesser period under review in the case of quarterly reporting.

(f) *Other Significant Policies* – Research and development cost, development of new products, advertising, sales promotion, and systems development expenses are charged against income as incurred.

Note 2 – Inventories

	1974	1973
Raw Materials	\$ 1,814,981	\$ 1,321,180
Goods in Process	3,827,075	3,518,349
Finished Goods	10,974,641	8,335,957
	<u>\$16,616,697</u>	<u>\$13,175,486</u>

Note 3 – Fixed Assets

	1974		1973	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	\$ 540,355	\$ —	\$ 540,355	\$ —
Buildings	10,379,358	2,407,657	9,809,842	2,166,963
Machinery & Equipment	18,021,187	8,599,890	16,396,971	8,357,451
	<u>\$28,940,900</u>	<u>\$11,007,547</u>	<u>\$26,747,168</u>	<u>\$10,524,414</u>

Note 4 – Long Term Debt

Secured by a floating charge in favour of the debenture holders.

Series A, 6% 1984	\$2,500,000
The sinking fund requirements call for payments of \$200,000 per year, leaving a balance of \$900,000 due in 1984.	
Series B, 6½ % 1987	\$1,765,000
The sinking fund requirements call for payments of \$105,000 per year, leaving a balance of \$610,000 due in 1987.	
Series C, 8½ % 1992	\$2,950,000
The sinking fund requirements call for payments of \$125,000 per year from 1974 through 1986 and \$155,000 per year from 1987 through 1991, leaving a balance of \$800,000 due in 1992.	
Series D, 10¼ % 1994	\$6,000,000
The sinking fund requirements call for payments of \$230,000 per year from 1976 through 1988 and \$290,000 per year from 1989 through 1993 leaving a balance of \$1,560,000 due in 1994.	
	<u>\$13,215,000</u>

The Trust Indentures underlying the outstanding debentures contain covenants which place limitations on the payment of dividends. The amount of consolidated retained earnings free from restriction as of October 31, 1974 was \$2,366,033. This amount will increase if future earnings exceed dividends distributed to shareholders.

Note 5 – Capital Stock

	Authorized	Issued and Outstanding
Class A & Class B non-voting interconvertible shares with a par value of 16⅓ ¢	6,000,000	3,468,550
Class C & Class D voting, interconvertible shares without par value	2,999,000	1,609,272
Common shares without par value	1,000	—
	<u>9,000,000</u>	<u>5,077,822</u>

Class B & Class D shareholders may receive dividends out of tax paid undistributed surplus on hand and 1971 capital surplus on hand. These dividends will be an amount equivalent to the dividends paid on Class A & Class C shares less applicable taxes, if any.

Note 6 – Employees' Stock Options

Options for 15,900 Class A shares were exercised during the year ended October 31, 1974, for a cash consideration of \$56,278.14. Options for 71,150 Class A shares and 2,400 Class C shares were granted to staff members during the year. Options outstanding October 31, 1974 were as follows:

Expiration Date of Options	Class A		Class C	
	Number of Shares	Option Price Per Share	Number of Shares	Option Price Per Share
Nov. 12/74	3,900	\$3.45	—	\$ —
Nov. 17/75	70,050	7.20	3,000	7.20
Nov. 9/76	64,450	6.6375	2,400	6.75
	<u>138,400</u>		<u>5,400</u>	

Subsequent to October 31, 1974, options for 75,900 Class A and 2,400 Class C shares were granted at \$4.05 and \$3.915 per share. These options granted to 107 staff members expire November 8, 1977. Options outstanding at October 31, 1974 or options granted subsequent to October 31, 1974, do not vary significantly the diluted share earnings from reported share earnings.

Note 7 – Directors' and Senior Officers' Remuneration

Remuneration to directors and senior officers totalled \$426,000 for 15 persons during the year ended October 31, 1974 (15 persons – \$385,000 in 1973).

Note 8 – Pensions

In 1948, the Company introduced its Employees' Pension Plan. This Plan was integrated with the Canada Pension Plan and the Quebec Pension Plan in 1966. The Plan is contributory and the liability for past service is not significant.

The Deferred Profit Sharing Plan was introduced in 1960. It is a trustee plan which is paid for completely by the Company and has to date been mainly invested in the shares of Harding Carpets Limited.

Since 1948, net pension and profit sharing contributions have been as follows:

	Company Net Contributions	Employee Net Contributions
Employees' Pension Plan	\$2,276,233	\$1,962,682
Canada Pension Plan and Quebec Pension Plan	842,601	842,601
Deferred Profit Sharing Plan*	527,402	—
	<u>\$3,646,236</u>	<u>\$2,805,283</u>

*(The market value of the Deferred Profit Sharing Plan fund at October 31, 1974 was \$724,262.)

The cost to the Company of the Pension Plans and the Deferred Profit Sharing Plan in 1974 was \$582,368 (1973 – \$352,936).

Auditors' Report

To The Shareholders Of Harding Carpets Limited:

We have examined the consolidated balance sheet of Harding Carpets Limited and its subsidiaries as at October 31, 1974 and the consolidated statements of income and retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these consolidated financial statements present fairly the financial position of the companies as at October 31, 1974, and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Price Waterhouse Co.

Chartered Accountants

Toronto, December 13, 1974

Ten Year Financial Summary

(000's omitted)

Year Ended October 31

	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965
Operating Results										
Sales	\$57,339	\$47,683	\$40,076	\$32,967	\$30,035	\$26,842	\$24,958	\$22,040	\$22,089	\$19,350
Depreciation	1,566	1,311	1,253	1,053	975	889	765	609	531	426
Interest	1,422	876	761	836	888	514	624	434	294	270
Income before taxes	6,832	6,313	4,706	2,539	2,013	3,651	3,238	1,776	2,894	2,886
Income taxes	2,907	2,774	2,195	1,240	960	1,814	1,545	366	1,133	1,209
Net Income¹	\$ 3,925	\$ 3,539	\$ 2,511	\$ 1,299	\$ 1,053	\$ 1,837	\$ 1,693	\$ 1,410	\$ 1,761	\$ 1,677
Per Share ²	.77	.70	.50	.27	.22	.38	.36	.30	.37	.36
As a percentage of sales	6.8%	7.4%	6.3%	3.9%	3.5%	6.8%	6.8%	6.4%	8.0%	8.7%
As a percentage of capital employed	15.7%	15.2%	13.4%	7.4%	6.3%	10.6%	10.6%	13.6%	16.8%	18.0%
As a percentage of shareholders' equity	22.9%	24.5%	20.7%	11.4%	9.6%	18.3%	18.8%	17.0%	25.8%	30.1%
Dividends Paid	\$ 1,329	\$ 960	\$ 796	\$ 776	\$ 770	\$ 765	\$ 755	\$ 723	\$ 626	\$ 505
Per share ²	.26	.19	.16	.16	.16	.16	.16	.15	.13	.11
Retained Earnings for Year	\$ 2,596	\$ 2,579	\$ 1,715	\$ 523	\$ 283	\$ 710	\$ 938	\$ 687	\$ 1,298	\$ 1,172
Other Financial Data										
Capital Expenditures	\$ 3,447	\$ 4,534	\$ 1,923	\$ 1,624	\$ 2,025	\$ 2,887	\$ 566	\$ 3,777	\$ 3,045	\$ 1,402
Working Capital	19,227	11,875	12,086	8,311	8,240	8,972	10,213	8,563	6,270	7,187
Ratio of current assets to current liabilities	2.7 to 1	1.9 to 1	2.5 to 1	1.7 to 1	1.7 to 1	1.9 to 1	3.5 to 1	2.7 to 1	2.1 to 1	3.2 to 1
Inventories	\$16,617	\$13,175	\$10,606	\$11,396	\$11,274	\$11,324	\$ 8,359	\$ 7,427	\$ 6,725	\$ 5,015
Fixed Assets (net)	17,933	16,223	13,227	12,626	12,209	11,212	9,235	9,559	6,451	3,947
Long term debt	13,215	7,645	8,075	5,791	6,312	6,824	7,095	7,600	4,100	4,300
Shareholders' Equity	\$19,766	\$17,113	\$14,427	\$12,116	\$11,407	\$10,961	\$10,034	\$ 8,992	\$ 8,281	\$ 6,816
Shareholders' Equity per share ²	3.89	3.38	2.86	2.48	2.37	2.29	2.12	1.90	1.76	1.46

¹The net income for the years 1965 to 1973 have benefited under designated area legislation. For the years 1965 to 1967 taxation was reduced and from 1967 to 1973 income included grants for the Collingwood plant. Net income in 1969 is shown before extraordinary item less applicable income taxes representing national distribution start-up costs.

²Adjusted to reflect subdivision of each common share on March 16, 1964, each common and Class A share on February 11, 1967, and each Common and Class A share on February 13, 1973.

Directors and Officers

Directors

Ralph M. Barford
Chairman of the Board
GSW Limited/Limitée

Albert Davidson, C.A.
President
Harding Carpets Limited

J. Douglas Gibson, O.B.E.
Chairman of the Board
Consumers' Gas Company Limited

Anthony F. Griffiths
President
Canadian Cablesystems Limited

C. Malim Harding, O.B.E.
Chairman of the Board
Harding Carpets Limited

John D. Harrison, Q.C., M.B.E.
Partner
Harrison, Elwood

Frank D. Lace, D.S.O., O.B.E.
Chairman of the Board
Matthews & Company Limited

J. Donald Mingay, D.S.O., M.B.E.
Management Consultant

William H. Young
President
The Hamilton Group Limited

Officers

C. Malim Harding
Chairman of the Board

Albert Davidson
President

Philip L. Guit
Vice-President, Manufacturing

William C. McAllister
Vice-President, Distribution

Gerald A. Murray
Vice-President, Administration

William D. L. Sherren
Vice-President,
Styling and Product Development

John G. Urquhart
Vice-President, Marketing

Albert F. Klinkhammer
Secretary-Treasurer

Stock Exchange Listings

Toronto, Montreal and Vancouver

Transfer Agent and Registrar

Montreal Trust Company,
Toronto, Montreal, Regina,
Calgary and Vancouver

Bankers

The Royal Bank of Canada
The Toronto-Dominion Bank

Shareholders' Auditors

Price Waterhouse & Co.

Offices

Head Office
Morrell Street, Brantford, Ontario N3T 5R3

Executive and Marketing Offices
60 Yonge Street, Toronto, Ontario M5E 1H5

Manufacturing Facilities

Brantford – tufting, printing and dyeing.
Collingwood – yarn spinning and tufting.
Guelph – yarn spinning.

Harding Distribution Centres

Vancouver – 4616 Canada Way, North Burnaby, B.C. V5G 1K7
Calgary – 3030-9th Street S.E., Calgary, Alberta T2G 3B9
Winnipeg – 1555 Inkster Boulevard, Winnipeg, Manitoba R2X 1R2
Toronto – 35 Worcester Road, Rexdale, Ontario M9W 1K9
Montreal – 1475 Montee de Liesse, St. Laurent, P.Q. H4S 1J7
Moncton – 1220 St. George Boulevard, Moncton, N.B. E1C 8R9

On peut obtenir un exemplaire en français de la lettre que le Président du Conseil et le Président ont adressée aux actionnaires en écrivant au Secrétaire de la Compagnie.

